GOVERNMENT OF INDIA
FINANCE
LOK SABHA

STARRED QUESTION NO:194
ANSWERED ON:09.03.2001
PRICE STABILITY
BHAWANA GAWALI (PATIL);HARIBHAU MAHALE

Will the Minister of FINANCE be pleased to state:

(a) whether the Government have not achieved the desired price stability in the country during the Ninth Five Year Plan:

(b) if so, the reasons therefor; and

(c) the action proposed to be taken by the Government in this regard ?

Answer

FINANCE MINISTER (SHRI YASHWANT SINHA)

(a), (b) & (c): A Statement is laid on the Table of the House.

Statement in reply of Lok Sabha Starred Question No. 194 on Price Stability for March 9, 2001

(a),(b) & (c) A reasonable level of price stability has been achieved during the ninth five-year plan period compared to the preceding eighth plan period during which two out of five years had recorded a double-digit inflation. The annual average inflation based on the Wholesale Price Index (WPI) and the Consumer Price Index for Industrial Workers (CPI-IW) during the ninth plan so far is lowerthan that recorded during the earlier two five-year plans.

Annual Average Inflation (%)

	WPI based	CPI based
7th Plan(1985-86-1989-90)	6.7	7.9
8th Plan(1992-93 to 1996-97)	8.7	9.3
9th Plan(1997-98 to 2001-02	5.1	6.9

(upto 10.2.01)

A number of initiatives have been taken to achieve price stability in the medium term. The objective of containing the fiscal deficit of the Government as spelt out in the Ninth Plan Document is being followed resolutely and a strong institutional mechanism embodied in a Fiscal Responsibility Act is on the anvil for medium term management of the fiscal deficit. These measures would help maintain price stability in the medium term.

Government has also been making concerted efforts to keep inflation under control through effective supply management and also through close monitoring of prices and supply of essential commodities. Consequently, wholesale prices of important items of daily consumption like rice, wheat, atta, edible oils, salt and some pulses are presently reported to be lower than last year. Competitive forces operating as a result of liberalisation of trade policy have ensured that prices remain reasonably stable.